

State of Washington

FORTY-FIFTH REPORT

of Washington State Liquor Control Board



July 1, 1977

June 30, 1978

**DEFENDANT'S
EXHIBIT**

CASE
NO. C04-0360P

EXHIBIT
NO. 482

Resp to Costco RFP
2123

TX482-001

REGULATORY SERVICES

MANUFACTURERS, IMPORTERS AND WHOLESALEERS DIVISION

New Delivery System Adopted

As an outgrowth of lengthy discussions and testimony at public hearings, the Board amended WAC 314-20-100 (Rule 49) and WAC 314-24-190 (Rule 81) on January 19, 1978, establishing a new system for issuing purchase permits to beer and wine retailers. The permits will enable licensed retailers to purchase authorized beverages from licensed wholesalers. Delivery may be taken either at the retailer's licensed premises or at the wholesaler's premises. Posted wholesale prices for such liquor must be the same for both places of delivery.

Under the new procedures there is no charge for the permit, which is issued along with each new or renewed retail license. Retailers who take delivery of beer or wine at a wholesaler's dock must transport directly to the retail premises of the purchaser, and may not divert such liquor for use elsewhere.

The amended regulations were scheduled to go into effect on July 1, 1978, coincide to the renewal date of most retail licenses.

Wineries and Breweries May Hold Class H Licenses

The Board implemented statutes which had been amended by the 1977 Legislature to authorize licensed state brewers and wineries to hold Class H licenses. WAC 314-20-015 (Rule 37.5) and WAC 314-24-160 (Rule 76), which became effective on January 5, 1978, provide a Class H license may be granted to a brewery or winery, or lessee of same, for operation of a restaurant on property where the primary manufacturing facility of the brewery or winery is located, or on contiguous property owned by the brewery or winery.

Another revision authorizes a brewer or domestic vintner to permit the consumption of wine or beer of their own production in parks and picnic areas adjacent to and owned by the brewery or winery.

Fiscal Year's Wine Sales Exceed Ten Million Gallons

During fiscal 1978, wine sales within the state were the greatest in history for a 12-month period, reaching the ten-million-gallon mark for the first time. Sales rose 659,718 gallons, or 6.7 percent, over last year.

Aggregate sale of wine has increased about 141 percent since fiscal 1969, when total sales amounted to 4,338,622 gallons. Sales have climbed steadily since the beginning of fiscal 1970 when liquor laws changes became effective which permitted importation and distribution of out-of-state wines by licensed importers and wholesalers.

An exception to the general sales trend has been the decline in popularity of the higher-alcohol-content "dessert" wines. Since 1969 the sale of such wines has decreased by over 574,000 gallons, or 29 percent, with no reversal in sight. The table-wine market meanwhile, continues to reflect a steady growth in sales volume.

Since 1969, nearly 10,000 wines have been submitted to the Board for certification and new items continue to arrive at a rate of nearly 1,000 a year.